

Message Text

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PAGE 01 KINGST 02643 180050Z
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 IO-13 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01
DOE-11 /115 W

-----035378 180054Z /42

R 162001Z MAR 78
FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 0266

C O N F I D E N T I A L KINGSTON 2643

E.O. 11652: GDS
TAGS: ETRD, JM
SUBJECT: SUGAR AND GSP

REFERENCE: STATE 060662

1. APPRECIATE REFTTEL.
2. EMBASSY URGES EARLY RECONSIDERATION OF DECISION NOT TO REDESIGNATE JAMAICA AS ELIGIBLE FOR GSP.
3. BASED ON OUR CALCULATIONS, ONE OF THE REASONS OFFERED, NAMELY, THAT "MANY FOREIGN PRODUCERS OF SUGAR ARE COMPETITIVE IN THE U.S. MARKET WITHOUT GSP BENEFITS" DOES NOT SEEM APPLICABLE IN JAMAICA'S CASE. OUR ANALYSIS INDICATES THAT COST OF PRODUCTION, FREIGHT, INSURANCE, IMPORT DUTY AND FIXED FEE ARE CLOSE TO FOUR CENTS ABOVE THE U.S. PRICE SUPPORT LEVEL.
4. AS FAR AS THE OTHER GENERAL REASON GIVEN, TO "UNDERMINE THE EFFECTIVENESS OF THE U.S. DOMESTIC SUGAR PRICE SUPPORT PROGRAM", WE UNDERSTAND THE OVERALL PROBLEM IF ONE COUNTRY IS REDESIGNATED WHILE OTHERS ARE NOT. HOWEVER, FOREIGN POLICY

CONFIDENTIAL

PAGE 02 KINGST 02643 180050Z

OBJECTIVES MIGHT WELL ARGUE FOR MAKING CHOICES AMONG THE ELIGIBLE COUNTRIES. IF THE TIMING OF ANY REDESIGNATION IS A FACTOR WHICH CURRENTLY PRESENTS A PROBLEM, AND IF REDESIGNATIONS SHOULD TAKE PLACE AT A FUTURE DATE, PERHAPS WE SHOULD INFORMALLY INDICATE TO THE GOJ THAT THE DECISION MIGHT BE RECONSIDERED AT A LATER DATE.

5. CONSERVATIVELY SPEAKING, JAMAICA'S UNCOMMITTED SUGAR SUPPLY IS LIKELY TO EXCEED 50,000 LONG TONS. IF JAMAICA WERE REDESIGNATED, PROBABLE FOREIGN EXCHANGE GAINS WOULD AMOUNT TO 2-4 MILLION DOLLARS.

6. AT A TIME WHEN U.S. POLICY IS AIMED AT IMPROVING US-GOJ RELATIONS, WHEN WE ARE EXPANDING OUR DEVELOPMENT AND BALANCE OF PAYMENTS ASSISTANCE AND ARE SEEKING TO COOPERATE WITH OTHERS IN CREATING CONDITIONS WHICH WOULD MAKE A RIGOROUS IMF-GOJ STABILIZATION PROGRAM FEASIBLE, MAKING AN EXCEPTION FOR JAMAICA AS AN ELIGIBLE COUNTRY WOULD SEEM TO BE IN LINE WITH THE ABOVE-STATED OBJECTIVES AND OTHER PROGRAMS HERE.

6. PLEASE ADVISE.
IRVING

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NNN

Message Attributes

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Draft Date: 16 mar 1978
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Decaption Note:
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Disposition Approved on Date:
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